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In the Supreme Court of the United States

OCTOBER TERM, 1970

No. 777

HOLIDAY INNS OF AMERICA, INC.,

Petitioner,

VS.

EUGENE W. ZIMMERMAN, trading and doing business as the HOLIDAY MOTOR HOTELS; HOLIDAY INN HOTEL COURTS, INC., a corporation; HOLIDAY MOTOR HOTEL, INC., a corporation; HOLIDAY MOTEL AND INN, INC., a corporation; and HOLIDAY MOTOR HOTEL RESTAURANT, INC., a corporation,

Respondent.

PETITIONER'S REPLY TO RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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1. Petitioner Alleged Service Mark Infringement And Sought Relief Under Federal Law In Its First Pleading and Throughout The Proceedings In This Case.

Respondent's brief seeks to justify failure of the Pennsylvania courts to apply the controlling federal law in this case on the ground that the claim of infringement of a federally registered service mark "was never properly raised". (Respondent's Brief, 15 *et seq.*) Both respondent and the Pennsylvania courts treated this as a case of common law "unfair competition". The Pennsylvania Supreme Court said that this case "involves a counterclaim wherein the defendants petition to restrain the plaintiffs from alleged unfair competition through use of 'Holiday Inn' as the dominant feature of the name 'Holiday Inn Town' . . ."

(Appendix to Petition, pp. 12a-13a) The Court of Common Pleas said that "Defendants allege that this constitutes unfair competition . . ." (Appendix, 54a)

The truth is that petitioner did plead for a decree holding that "Plaintiff has *infringed* the Defendant's *service marks 'Holiday Inn'* . . ." (Emphasis added.) (R.* 214a)

The following chronology shows how this issue was present in this case from the beginning:

August 23, 1963 (23 days after this case was instituted)—Respondent served interrogatory asking petitioner to identify all of its federal registrations. (R. 15a)

January 29, 1964—In answer to respondent's interrogatory, petitioner served respondent with copies of its federally registered service marks including Reg. No. 592,539—HOLIDAY INN. (R. 120a)

July 15, 1964—Petitioner alleged in its counterclaim: that it was "the owner of the service mark Holiday Inn . . ." (R. 207a); that "Plaintiff's use of the name Holiday Inn Town . . . infringes upon Defendant's service mark 'Holiday Inn'" (R. 211a); that the service marks 'Holiday Inn' . . . are true and lawful service marks and the property of the defendant" (R. 213a); and prayed "That this Court enter a decree holding that Plaintiff has infringed the Defendant's service marks 'Holiday Inn' . . ." (R. 214a).

January 29, 1965—Respondent offered 17 of petitioner's federal service and trademark registrations (including No. 592,539—HOLIDAY INN) as exhibits (R. 2112a-2113a) and the court admitted same (R. 2119a-2120a).

May 9, 1968—Petitioner filed its Proposed Conclusions of Law, from which the following are extracts:

> "10. The defendant 'Holiday Inns of America Inc.' is the owner of the following United States service mark registrations issued by the United

* Record in Pennsylvania Supreme Court.

States Patent Office on the respective dates set forth below, all of which are valid, presently subsisting, uncancelled and not abandoned.

Service Mark	Reg. No.	Date of Registration
'Holiday Inn' (P. Ex. 292)	592,539	July 13, 1954
'Holiday Inn' (P. Ex. 293)	592,540	July 13, 1954
'Holiday Inn' and Design (P. Ex. 294)	592,541	July 13, 1954

(R. 3155a)

"14. The plaintiff's, their employees, agents, representatives, successors, assigns and any and all persons or parties in privity therewith, are permanently enjoined and prohibited from any and all use of the words 'inn' or 'in' or any colorable imitation thereof . . ." (R. 3156a)

June 18, 1969—Petitioner filed its Exceptions in the Pennsylvania Court of Common Pleas to the court's failure to make certain conclusions, including Nos. 10 and 14, quoted above. (R. 3277a-3278a)

June 20, 1969—Respondent filed its Statement of Facts and Questions of Law in the Pennsylvania Court of Common Pleas, raising as its first legal issue:

"(1) The Court's summary dismissal of defendant's counterclaim is error: Zimmerman has infringed defendant's common law and Federally registered service mark 'Holiday Inn' . . ." (R. 3286a)

May 26, 1969—Respondent filed its Notice and Statement under Pennsylvania Supreme Court Rule No. 63 setting forth certain exceptions including failure of the Court of Common Pleas to make conclusions Nos. 10 and 14, quoted above. (R. 3374a-3376a)

August 14, 1969—Petitioner filed its Statement of Questions on Appeal in the Pennsylvania Supreme Court, including the following:

"6. Whether the Court of Common Pleas of Allegheny County erred in concluding that Zimmerman's adoption of the name "Holiday Inn Town" was not willful and deliberate, not intended to misrepresent plaintiffs' services as those of defendants, not intended to profit from defendants' goodwill and advertising, and not intended to deceive, defraud, and confuse the public; and in failing to hold:

"(a) that, by adoption and use of the name "Holiday Inn Town," plaintiffs infringed upon defendants' Federally registered and Common Law service marks; and . . ." (R. 3388a)

In addition to the foregoing, petitioner's brief in the Pennsylvania Supreme Court contained a section entitled "1. Zimmerman Has Committed Acts of Service Mark Infringement and Unfair Competition." (Quoted at pages 85a to 100a in the Appendix to the Petition, herein.)

In the same brief, petitioner urged that Zimmerman's acts of service mark infringement and unfair competition be enjoined, petitioner also relied upon its rights under Section 22 of the Trademark Act of 1946 (15 U.S.C. § 1072) as the owner of federal registration No. 592,539—HOLIDAY INN and others (Appendix, pp. 100a-101a), and petitioner relied heavily on federal authorities throughout its brief (Appendix, pp. 85a-108a).

Petitioner's service mark registrations were introduced by respondent very early in the proceedings in this case. Petitioner asserted its rights thereunder and it alleged service mark infringement in its counterclaim, and it continued to do so thereafter throughout these proceedings. Thus, respondent's authorities about right of review by this Court being dependent upon proper presentation of the federal questions in the state courts are not relevant here.

Notwithstanding respondent's prayer for relief under federal law, the state courts applied only local law. That is precisely why petitioner now seeks review by this Court.

2. Respondent's Edited Quotations From Record Are Misleading.

Respondent's brief quotes selected portions of colloquies before the Court of Common Pleas, seeking to show that petitioner sought to exclude its federal service mark registrations from the case. The quoted portions are misleading without the portions deleted by respondent. On page 23 of respondent's brief, the following portion of Mr. Schmidt's remarks was omitted:

> "Now, Plaintiffs' Exhibit 300 is also the registration of a trademark for razor blades under the name of "John Holiday" with the same statement about there being no living individual.
>
> Plaintiffs' Exhibit 301 is a trademark for combs, for the name "John Holiday." Plaintiffs' Exhibit 302 likewise is a "John Holiday" trademark for after shave lotion and various other things. Plaintiffs' Exhibit No. 303 is a trademark "Priscilla Holiday" for nail polish remover and hair dressing and conditioner, and various other things. There is the same statement, again, that "Priscilla Holiday" is entirely fictitious and does not refer to an living individual.
>
> Plaintiffs' Exhibit 304 is "John Holiday" for hair shampoo. Exhibit 305 is "Priscilla Holiday" for hair shampoo. Exhibit 306 is "John Holiday" for other things in the cosmetic field and Exhibit 307 is Holiday Inns of America, a picture of the sign for use in candy. No. 308 is a copyright registration for Holiday Inns of America for a book called "Cooking The Holiday Inn Way." We think they are relevant first as to the use of the name "John Holiday" and "Priscilla Holiday" for articles that are sold in the Holiday Inns of America installations, whether owned or franchised, indicating their own emphasis on the word "Holiday" rather than "Holiday Inn" or "Holiday Inn of America." This is proven by the fact that the newspaper is called the "Holiday Times" and the merchandise is called either "John" or "Priscilla Holiday", and further that there is no uniformity in the presentation of

the defendant's appellation or name as has been contended.

Respondent omitted another portion of Mr. Schmidt's remarks where the asterisks appear on page 24 of its brief, as follows:

Mr. Schmidt:

I changed my mind, if the Court please. I submit earnestly to your Honor that when the defendant itself doesn't call its shaving lotion "Holiday Inn Shaving Lotion", and calls it "John Holiday", and doesn't call it "The Rouge" and whatever they sell to women, and they call it "Priscilla Holiday", and rather than "Holiday Inn Face Powder" they are admitting the significance of the word "Holiday" as the key word which, of course, I think your Honor knows from the case so far that it is an important issue in the case. We submit that they are quite relevant. If they want to explain why, why they chose the word "Holiday," "John Holiday," rather than "Holiday Inn Face Cream", or if they didn't give the proper information to the Federal Government when they said their first use was on a given date, I suppose they have a right to explain it. We are not litigating the Federal effect of it. This is an admission as to when they first used it, and it is an admission that they used all these active things under the word "Holiday" rather than "Holiday Inn" that they were properly part of the record and evidence in this case, especially in view of the fact that they were filed with the Court in answer to Interrogatories after objections were filed. Judge Aldisert ruled that they had to give us the answer. (R. 2118a-2119a)

Owing to the foregoing omissions, the remarks by petitioner's counsel could well convey the impression that petitioner objected to inclusion of the very registrations which it alleged to be infringed by respondent. Actually, petitioner's counsel was questioning the relevance and materiality of registrations relating to cosmetics and toiletries.

3. Conclusion.

Respondent sought in this case to exclude petitioner's motels from much of Pennsylvania and a 100-mile radius around Harrisburg. (App. 13a) Such a radius would include portions of New Jersey, Delaware, Maryland, Virginia and West Virginia. Thus the interstate character of this case and the law applicable thereto was present from the beginning.

The questions presented by petitioner as urgently in need of review by this Court were indeed properly raised in the Pennsylvania courts.

The federal law under which petitioner sought relief in those courts is binding upon state courts. *Constitution*, Article VI, clause 2.

The policy of the federal statutes "may not be set at naught, or its benefits denied by the state law." *Sola Elec. Co.* v. *Jefferson Elec. Co.*, 317 U. S. 173, 176 (1942).

The state courts, without even commenting on petitioner's prayers for relief under federal law, simply decided this case on the basis of the local law of Pennsylvania. The grant of the Writ is needed to insure application of the controlling federal law in this and similar cases and to resolve questions urgently in need of definitive rulings by this Court.

Respectfully submitted,

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